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[CLAIM:]

trader-controlled

~~A trading system that employs a trading instrument having a fixed face value and two opposing sides that represent mutually exclusive outcomes regarding the subject matter of said trading instrument, said trading system comprising a host computer, a plurality of remote terminal, and telecommunications means connecting said host computer and said remote terminals and enabling the transmission of data to and from said host computer and each of said remote terminals.~~

2. The trading system of claim 1 wherein said host computer comprises database means for maintaining a list of bids received by said host computer from users of said remote terminals, including for each bid thus received a registration of attributes including a specified trading instrument, a selected side of said trading instrument, a price, a trading instrument quantity, and a time-stamp.
 3. The trading system of claim 1 further comprising means for users of said remote terminals to submit to said host computer bid orders that specify selected attributes including a selected side of a trading instrument, a price per unit of said trading instrument, and a selected quantity of units of said trading instrument.
 4. The trading system of claim 2 wherein said host computer comprises means for comparing bids received by the host computer that specify one side of a trading instrument with other bids received by said host computer that specify the opposing side of the same trading instrument, and determining whether the price and quantity attributes specified in two such opposing bids are complementary in accordance with specified criteria.
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a1 The trading system of claim 2 wherein said host computer comprises means for declaring a matched trade upon receipt by the host computer of a first bid specifying a side of a trading instrument and a price per unit and the subsequent receipt by said host computer of a second bid specifying the opposing side of said contract and a price per unit, where the sum of the prices per unit specified in said first bid and said second bid are in the aggregate at least equal to the face value of said trading instrument.
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6. ⁵ ~~61~~ The trading system of claim 2 wherein said host computer comprises means for establishing accounts for users of said remote terminals in which accounts said users may deposit funds from their remote terminals, and said host computer further comprises means for automatically reserving or withdrawing from the said account of any said user the value of any bid submitted by said user to the host computer.

7. The trading system of claim 6 wherein the account of any user whose trades have resulted in a net gain is automatically credited by the host computer with the amount of said net gain.

8. The trading system of claim 6 wherein the host computer comprises means for immediately clearing and settling any matched trades.

9. The trading system of claim 2 wherein selected of said bid attributes maintained on said list of bids is accessible to all users of said remote computers on an equal basis.

10. The trading system of claim 4 wherein the host computer comprises means for assigning a time-stamp to each bid on receipt of said bid, and the host computer in declaring a matched trade preferentially selects that matching bid having the earliest time-stamp.

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11. ~~A trading system comprising:~~
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a) a trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes,
b) means for traders to submit bids to purchase, at a price per trading instrument unit ^{always} less than said ^{fixed} face value, at least one unit of either side of said trading instrument,
c) means for comparing bids submitted to the trading system,
d) means for declaring a matched trade when a first bid submitted on one of said sides specifies a price that, added to the price specified in a second bid submitted on the opposing side, at least equals said face value, and

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(3) e) means for determining that one of said two sides of the trading instrument is the prevailing side.

12. A trading system according to claim 11 wherein said face value is payable to the holder of each trading instrument unit specifying said prevailing side.

13. A trading system according to claim 11 that further comprises means for associating a receipt time-stamp with each bid received in the system, and wherein said means for declaring a matched trade comprises means for preferentially matching, among bids on the same side that specify the same price, the bid having the earlier time-stamp.

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14. A trader-controlled ~~trading method~~ that employs a trading instrument having a fixed face value and two opposing sides that represent mutually exclusive outcomes, said method comprising the following steps:

- a) soliciting bids to purchase, at prices per trading instrument unit less than said face value, units of either side of said trading instrument,
- b) comparing bids received, and
- c) declaring a matched trade when the price of a first bid specifying one of said sides, added to the price of a second bid specifying the opposing side, at least equals said face value.

15. The trading method of claim 14 further comprising the step of determining that a side of the trading instrument is the prevailing side.

16. The trading method of claim 15 further comprising the step of paying said face value to holders of each trading instrument unit that specifies said prevailing side.

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17. A trader-controlled ~~trading method~~ conducted over a telecommunications network comprising a host computer, a plurality of remote terminals, and telecommunications means connecting said host computer and said remote terminals and enabling the transmission of data to and from said host computer and each of said remote terminals, said method comprising the following steps:

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- a) the dissemination by the host computer to said remote terminals, for bidding thereon by users of said remote terminals, of a trading instrument having a fixed face value and two opposing sides representing mutually exclusive outcomes regarding the subject matter of said trading instrument,
 - b) receiving in said host computer a plurality of bids entered from said remote terminals, each of said bids specifying a selected one of said two sides of the contract and also specifying a price per unit of said trading instrument for the purchase of at least one unit of said trading instrument,
 - c) said host computer declaring a matched trade upon receiving a first bid specifying one side of said trading instrument and a second bid specifying the opposing side of said instrument, where the sum of the prices per unit specified in said first bid and said second bid at least equals said face value.

18. The method of claim 17 wherein said trading instrument concerns an event having a termination point pursuant to pre-established criteria whereupon a side of said trading instrument will determinably be the prevailing side and the opposing side will determinably be the losing side.
19. The method of claim 18 comprising a further step requiring each user of said remote terminals, prior to entering any bid to said host computer, to establish an account and deposit funds in said account.
20. The method of claim 19 comprising the further step that, upon receipt by the Host computer of any bid from a remote terminal, funds sufficient to cover said bid are withdrawn from the account established by the user entering said bid.
21. The method of claim 18 comprising the further step, upon the termination of said event, of paying holders of trading instruments specifying the side determined to be the prevailing side an amount equal to said face value for each unit of such trading instruments.
22. The method of claim 21 wherein said payment is made automatically by the host computer to the account of each of said holders of trading instruments specifying the side determined to be the prevailing side.

23. The method of claim 20 comprising the further steps that, at any point prior to the termination of said event, the account of any of said users who then holds an equal number of trading instruments on each of its two opposing sides may automatically be credited by the said face value multiplied by said equal number of trading instruments, and automatically debited by the aggregate amounts bid by said user to purchase all of said trading instruments, less any amounts previously withdrawn or reserved from said account with respect to said trading instruments.
24. The method of claim 17 comprising the further step that each bid received by the host computer is assigned a time-stamp upon receipt by the host computer.
25. The method of claim 24 comprising the further step that the host computer maintains a current list of all active bids received by the host computer regarding said trading instrument, including the side, price and quantity of trading instrument units specified in each bid on said list, and also including a receipt time-stamp.
26. The method of claim 25 comprising the further step that, in the event the host computer determines that a newly received bid may be matched with more than one earlier-received opposing bid, the host computer effects a matched trade first with that opposing bid having the earliest time-stamp.
27. A computerized system for trading units of a fixed value trading instrument having two complementary sides, comprising:
- a) means for receiving and storing bids received from remote trader terminals on one side of said trading instrument, each of said bids comprising a price term and a unit quantity term,
 - b) means for receiving and storing bids received on the opposing side of the trading instrument from remote trader terminals, each of said bids comprising a price term and a unit quantity term,

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- c) means for coupling bids received on one side of the trading instrument with said stored bids received on the opposing side of said trading instrument for comparing the price and quantity terms of said opposing bids, and
- d) means for executing a binding trade when a match exists between at least one bid received on one side of said trading instrument and at least one stored bid received on the opposing side of said trading instrument, and
- e) means for clearing and settling each said binding trade.

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The method of automatically and equitably effectuating trades of a fixed value trading instrument having two opposing sides between subscribers to a computerized trading system wherein a Host computer is coupled to a plurality of individual trader terminals, said method comprising the following steps:

- a) booking on a first bid list, in a priority sequence according to a predetermined program, unfilled bids including associated price and lot quantity parameters received on one side of the trading instrument,
- b) booking on a second bid list, in said priority sequence according to a predetermined program, unfilled bids including associated price and lot quantity parameters received on the other side of the trading instrument,
- c) comparing in said priority sequence the price and lot quantity parameters of each of said unfilled bids booked on said first bid list with the price and lot quantity parameters of said unfilled bids on said second bid list,
- d) transacting said received bid on said first bid list with the highest priority bid or bids on said complementary list if said bid can be matched against one or more bid orders on the complementary bid order list, and
- e) placing the untransacted portion of said incoming bid order on the corresponding one of said list in a priority sequence (according to the corresponding one of said predetermined programs) if said incoming bid order cannot be completely matched against any bid order or orders on said complementary bid order list.

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A method according to claim 28 further comprising the step that incoming bids are time-tamped on receipt by the Host.

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A method according to claim 29 wherein bids are booked in a priority sequence in order of time-stamp receipt.

31. A bid-matching system for use in trading at least one of a plurality of trading instruments, each of said trading instruments having a preset fixed value and two opposing sides, wherein bids received by a Host computer for each side of each said trading instrument are automatically compared in order to automatically provide matching transactions and thereupon to establish trades in said trading instruments, said Host computer comprising means for:
- a) communicating trading data to a trader display terminal,
 - b) receiving bid orders from individual traders,
 - c) attaching a time-stamp to each incoming bid,
 - d) matching complementary bids, and
 - e) executing trades between matched bid orders.
32. The bid-matching system of claim 31 further comprising network means for interconnecting said Host computer to a plurality of remote trader terminals and enabling data communications therebetween.
33. The bid-matching system of claim 31 wherein said Host computer further comprises means for establishing and maintaining trader accounts.
34. The trading system of claim 33 wherein said Host computer further comprises means for confirming, clearing and settling trades.